FIDUS LAW CHAMBERS
Litigation | Advisory

GraFidus

JANUARY-MARCH, 1.2022

Survey Evidence in a well-known Trademark Application

Shipra Shandilya
Shipra@fiduslawchambers.com

With Indian trademark law allowing the filing of applications for declaration of trademarks as well-known, sans guidelines for the nature and type of evidence that is acceptable, the way one can meet the threshold of "knowledge" of the "relevant class of consumers" is anybody's guess.

Traditional methods like filing invoices and purchase orders can no longer serve the purposes of businesses that are primarily online. Yet, how does one showcase the awareness of a brand in a social media driven, hyper modern world which changes before you can say Metaverse?!

Enter, the market survey. Tried and tested and adaptable across in-person, telephonic and online modes, it is the one method of evidence gathering that effortlessly indicates the level of consumer awareness of a brand and also reveals the manner in which consumers associate the trademark to the product or service in their mind.

Judges in India have often relied on market survey evidence and highlighted its importance. Although the Madras High Court referred to survey evidence in passing in the 1996 case of **Haw Par v Tiger Balm**, the Delhi High Court discussed it in great detail in **Time Warner Entertainment Company**, **L.P. Vs. A.K. Das** in 1997. In the 2017 decision in **People Interactive (India) Private Limited** vs. **Vivek Pahwa and Ors.**, the Bombay High Court held that, "Exclusivity claims based on secondary meaning acquisition must be established by cogent material…High sales and expenses will not do; the claimant must show from carefully neutralized market surveys, etc., that this is indeed how the public perceives the mark - not as a mere description, but a pointed reference to the origin, viz., the claimant…".

While survey data is certainly deemed admissible, due to the lack of uniform and standardised yardsticks, it is also questioned by Courts on various occasions on account of fundamental flaws like the absence of neutrality, the questions being leading and so on.

Some guidance was offered by the Draft Manual for Trademark Practice & Procedure, 2009 on the use of surveys to prove that the mark has acquired distinctiveness. It states:

1. Questionnaires need to indicate how interviewees have been selected as well as whether the respondents are actual or potential customers. The survey will carry more weight if the interviewees represent a cross section of the "relevant public" or trade.

2. The number of invited participants and actual respondents must be disclosed.

3. The name of the trademark holder should not be disclosed.

4. The representation of the sign at issue should be shown to respondents.

5. Precise responses should be taken and disclosed on the actual response sheets.

6. If a professional survey company is used, the survey location must be disclosed, along with exact instructions to interviewers, including coding instructions if the results were recorded on a computer.

7. It is often useful to show one or more other marks (e.g., fictional or actual third-party marks) in the survey to act as a control sample. This helps separate recognition resulting from mere guesswork from real tangible identification.

8. The survey timing should relate to the period when the dispute arose so that the recognition if proven by the survey is timely.

Although this Manual has since been replaced by the 2015 Manual which contains no similar discussion on survey evidence, the best practices can be summarised as follows:

- Questionnaires for survey evidence should be designed keeping in mind international standards,
- Surveys must commence with a well-defined methodology,
- They must contain a clear description of the demographic profile of the target respondents and the process of their selection,
- The survey should contain pointed questions that lend themselves to easy mathematical computation rather than subjective interpretation,
- The conclusion must logically follow from the answers and should not involve logical leaps.

Since the Courts in India have accepted survey evidence as useful form of proving public recognition of a trademark, the Trademarks Registry too accepts it in well-known trademark applications. It is recommended that a brand owner commence the exercise with a pilot survey and then depending on the results rolling out the full survey.

Developments in the IP Sector: Constitution of the IP Division and the Impact on IPR Matters

Rohan Krishna Seth
rohan@fiduslawchambers.com

The Tribunals Reforms Act, 2021 dissolved eight tribunals one of which was the Intellectual **Property Appellate Board (IPAB)**. While many debated the advantage of doing this and increasing the burden on the overburdened courts, a review of the disposal rates of the IPAB and the pendency of cases there made it clear that it was an idea whose time had come!

As a consequence of this dissolution, approximately 2500 pending matters from the IPAB were slated to be transferred to the Delhi High Court for adjudication. In order to streamline the process, the Chief Justice of the Delhi High Court constituted a committee to study the aftermath of the **Tribunal Reforms** and make recommendations as to the practice and procedure to be adopted by the Delhi High Court. Eventually, after broad-based stakeholder consultation, the "High Court of Delhi Rules Governing Patent Suits, 2022 (Patent Rules)" and "Delhi High Court Intellectual Property Rights Division Rules, 2022 (IPD Rules)" were notified on February 24, 2022.

Even prior to this, a special **Intellectual Property Division (IP Division)** had already been created in the Delhi High Court to deal with IP infringement suits and matters which were pending before the erstwhile IPAB (i.e. Rectification/ Cancellation petitions i.e. both trademark rectifications and patent post-grant oppositions and revocations, and appeals from orders passed by the IP Registries in India). This division however dealt with not just IP cases, but also other commercial matters. When the IPD Rules came into being, special IP Benches were created, to exclusively hear IP matters and ensure their expeditious disposal. Now, there are two Single Judges who exclusively hear IP infringement suits, matters transferred from the IPAB and also writ petitions challenging orders of the IPAB. A special Division Bench (Appeal Court) hears appeals from orders of the Single Judges.

While the Courts in other jurisdictions are yet to frame Rules similar to the Delhi High Court's IPD Rules the Bombay High Court has set-up a Commercial Bench comprising of 1 Judge to hear commercial disputes (including IP disputes) and the Madras High Court has formed a committee to draft its own rules.

Additionally, **alternative dispute resolution** has been institutionalized, in that, in cases where no urgent relief is sought, a mandatory pre-suit mediation process has to be followed. Only if mediation fails, does the case go to court.

Modern practices such as **hot tubbing** of expert witnesses, forming of **confidentiality clubs**, creation of a pool of experts to assist the court in patent matters are some of the interesting new developments that have been provided for in the Rules, although some of these had been in existence, largely through jurisprudence.

Practical steps have also been taken towards consolidation of similar matters, simplified procedures for service of court papers etc. Interestingly, all through the pandemic, the requirement for wet signatures and even notarization was dispensed with, making it incredibly easy for parties to file lawsuits without being caught in procedural impossibilities of coming into office, signing papers, getting a Notary to authenticate them, and so on.

The IPD Rules have also introduced a "Litigation Hold Notice" (LHN) under which, prior to initiation of proceedings, a party may issue a LHN to other parties to preserve for a year, all documentary and electronic material relating to the subject matter of the proceedings, which can be used as an evidence. This is particularly interesting since the Indian process of discovery is not as extensive as that in jurisdictions like the United States, for example.

The benefit of setting-up these dedicated benches is already obvious – **the disposal rate of IP cases** has been particularly high, and matters are also being heard at far closer intervals, making it clear that shorter trial timelines is not such a pipe dream any longer!

A Creative Termination of Phishing Expeditions

Tanya Varma
tanya@fiduslawchambers.com

Our firm's recent win in **Jasper Infotech Private Limited** versus **Aadi Sons & Ors.** brings a smile to my face because it takes me back to a popular Indian Netflix series called Jamtara which focuses on the menace of phishing in India and the creativity of scamsters. All of us in India have at some point of time in our lives received a phone call, where we are offered the world in exchange for some personal information like our bank account details or our credit card number!

A similar situation had presented itself to our e-commence intermediary client Snapdeal when in 2018, they began receiving a significant number of complaints from their customers stating that they were being contacted by persons posing as executives from 'the Snapdeal prize department' informing them that due to a recent purchase on the platform, they had won a free gift. To receive the free gift, they were to deposit/ transfer a sum of money in a particular bank account as a payment for the tax applicable on the freebies - which ranged from SUVs, motor bikes and household appliances. Many customers fell prey to these fraudulent schemes and had been lost large sums of money.

These fraudsters, to appear authentic, were creating websites with suggestive domain names like *www.snapdealprizewinners.com, www.snapdealluckydrawwinner.com, www.snapdealprizewinner.com* etc., which would promote the fraudulent schemes and often contain fraudulent phone numbers as Snapdeal's customer care number. This would invariably lead the customers to call these fraudulent phone numbers for assistance.

Aggrieved by this, we filed a lawsuit before the Delhi High Court against these fraudulent websites praying for suspension of these website (in the interim) and an eventual transfer to Snapdeal. To ensure that these fraudsters do not get to utilise the money they had stolen from the customers, the banks, where the customers had deposited money were impleaded with a view to suspend the bank accounts and to get the banks to provide the contact bank account holders. Snapdeal also sought that the Telecom Regulatory Authority of India (TRAI) block the phone numbers which Snapdeal had identified as being fraudulent phone numbers that were being used for these unscrupulous activities.

This matter involved some creative thinking on our part, which was acknowledged duly by the Court in the passing of the final order in the matter. As there is no law in India that stipulates what is to be done about telephone numbers used for unlawful purposes or in respect of bank accounts used to perpetrate fraud, we drew up a bespoke solution in this matter, that has now become the precedent for similar matters.

We drew an analogy from the telemarketing regulations to argue that if the mere act of unsolicited telemarketing can render a telephone number liable to be blocked, the same analogy should certainly be applied to block the phone number of someone who uses it to perpetrate fraud. Likewise, we pointed out to the court that the permanent injunction of blocking of the bank accounts which had been sought by us had to be granted with appropriate modifications, as the banking laws in the country mandate that upon closure of an account, the amount deposited in it is refunded to the account holder. As the account holders in each of these cases were fraudsters and the money had been unlawfully collected, they ideally ought to be refunded to the original depositors. The client, who was the Plaintiff in the suit also had no right over the monies. However, as it was impossible to trace the original depositors, the money had to be kept in a suspense account until a legitimate beneficiary came forward. We identified the 'Depositor Education and Awareness Fund' maintained by the Reserve Bank of India as the appropriate fund for the monies to be transferred and held in suspension.

After hearing us, the Delhi High Court ordered

- That none of the impleaded Defendants could register any domains containing the trademark Snapdeal in future.
- That the phone numbers that were being used by the fraudsters would be permanently blocked by TRAI
- That the banks would not only close the bank accounts that had been identified by Snapdeal but also transfer the money that remained in the bank accounts to the 'Depositor Education and Awareness Fund' and to ensure that money is released from time to time to legitimate stakeholder who come forward to stake a claim.

Trademarks Filings for the Metaverse - do you really need them?

Isha Tiwari
isha@fiduslawchambers.com

The metaverse market is undoubtedly packing immense economic potential, with revenue projections around USD 25 billion. This has spurred a rush among brand owners to secure IP rights in the virtual world.

Holding trademark rights for both currently known and future forms of brand extensions in the metaverse makes sound economic sense, but the question remains – can current filings not extend to newer exploitations of IP in the metaverse?

From an Indian standpoint, the trademark law does not define the market for intended goods/ services and considers any and all *printed or other visual representation* of the trademark as proof of 'use'. So, while a brand owner seeking wider protection for their brand in the metaverse may be able to insulate it against non-use cancellations basis proof of regular online digital use, the need for the filings is largely prompted by recent high-profile litigations that make it clear that as the line between art and commerce blurs in the case of NFTs, so will the line between infringement and fair use.

Further, given that infringement usually requires the use of a trademark *on goods*, it may be difficult for an IP owner to claim that their trademark which is registered in respect of physical and tangible products such as handbags, for example, is infringed by its use in art which is digital in nature. Moving away from the realm of infringement into trademark dilution, blurring and tarnishment is a slippery slope, one that brand owners are keen to avoid. Therefore, robust new filings that actually cover ephemeral uses of a trademark in the metaverse is clearly a sound strategy.

The problem then is what should the registrations be for? Most companies that are currently registering are at best doing so basis projected uses in the future, the actual commercial breadth and scope of which they are not quite sure of, as yet.

Having filed several applications on behalf of our clients (ranging from India's first fantasy sports unicorn to its biggest fashion couturier) for prospective uses of their trademarks in the metaverse, our learnings can be summarised below:

- Make sure you cover the staple classes like Class 9, 35 and 41, not merely to protect your own business but in anticipation of the likely misuses.
- Ensure the application covers both product-based and also artistic uses of the trademark to insulate against NFTs where the object becomes art.
- Ensure that the scope is wide enough to cover your own digital uses in any form (not just in the metaverse) to insulate the application against a non-use cancellation, in the event your own exploitation of trademark rights in the metaverse takes longer than anticipated.

Fidus@Work

Contact us:
Fidus Law Chambers
F-12, Ground Floor, Sector - 8, Noida - 201301, Uttar Pradesh, India
T: 0120 - 4847550 F: 0120 - 4847551 E: legal@fiduslawchambers.com
www.fiduslawchambers.com